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ABSTRACT

Social market economy success in the Federal Republic of Germany is due to free competition, enterprise in the business community, and employees' social security. Craft industries play a major role in Germany's market economy. The craft industry is second only to the manufacturing industry, comprising 23 percent of German firms. There are seven craft trades: building and fitting-out; metalworking; woodworking; garment, textile, and leather; food processing; health and body care professions and chemical and cleaning; and glass, paper, ceramic, and others. The craft industry is organized into guilds, each represented by a district trades council; regional associations; federal guild associations; chambers of handicrafts; the German Trades Council; and the Central German Trades Association. A dual-track system permits apprentices to receive practical training from employers and attend a technical college for theoretical and administrative knowledge. Other major areas of operation are services and repairs. Since Germany's reunification, the craft industry has focused on five areas: (1) individual business consultancy and information services; (2) technological adaptation and research/development activities; (3) federal retraining courses and other educational and social measures; (4) industry promotion; and (5) using public funds for new ventures. Craft firms need information about the changing framework of economic conditions. (Four tables and four addresses for further information are included.) (NLA)

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THE ROLE OF CRAFT INDUSTRY IN GERMANY'S SOCIAL MARKET ECONOMY

by Karsten Schröder

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I. Introduction

Much of the credit for the long-running success of the social market economy in the Federal Republic of Germany is due to the interplay of free competition, the spirit of enterprise of the business community and the social security enjoyed by employees. It is primarily geared to the needs of consumers and permits rapid harnessing of technological innovations. The state lays down rules and regulations guaranteeing fair competition, protection for the socially disadvantaged and safeguards for the natural and human environment.

A large contingent of small and medium-sized firms promotes flexibility, achievement, variety and innovation. Craft industry is also playing a major role in the nascent market economy of eastern Germany, where local craft enterprises are receiving support from companies in the same line of business in the west of the country. Together with their colleagues and competitors, they are fuelling the forces of economic upswing. In united Berlin there are nearly 22,000 craft enterprises employing a total of 205,000 people. In eastern Germany, demand for craft services is growing daily.

Craft industry deserves a good deal of the credit for the general level of prosperity and the strength of the business community in the Federal Republic of Germany. Comprising mainly small and medium-sized firms, it is a stabilising factor in the economic life of the country. Its 500,000 or so small-scale enterprises are able to fulfil this important task because of the optimum opportunities they enjoy under the rules of free competition. Craft industry translates many technological innovations into practical products and, in doing so, constantly finds new areas of activity.

To maintain free enterprise and competition, a constant stream of new firms and independent traders is needed. The ideas and

(1)

stimuli they inject into the economy are a major source of dynamism. A visit to the annual International Craft Exhibition in Munich, with its extensive array of exhibits, provides impressive evidence of the broad span of craft creativity in Germany today (next dates: 14 - 22 March 1992).

The economic importance of craft industry derives not only from the large number of firms it encompasses but also from its impact on employment. Demand for professional craft services - especially those of a technical nature - will continue to grow, so the need for personnel with craft qualifications will steadily increase and thus stimulate the labour market.

II. Importance of craft industry in the national economy

Craft industry in the Federal Republic of Germany is second only to manufacturing industry in terms of workforce and net product. Craft enterprises make up around 23 percent of the 2.1 million firms registered in western Germany. Together with craft-type firms not strictly classed as craft enterprises they number 730,000 businesses, providing nearly five million jobs and 519,000 apprenticeships and generating revenues totalling more than DM 560 billion or almost ten percent of the gross national product. Furthermore, DM 19 billion has been invested in those businesses, mainly with a view to rationalising and modernising their operations.

For the old federal states, these figures mean 7.5 percent real growth against a 4.6 percent upturn in GNP. In 1990, a 1.5 percent rise in employment was noted. In 1991, a figure of three percent was reported for the whole of Germany, a third of the increase being registered in the old federal states. Shortage of labour continues to impede economic progress: craft enterprises reported a total of 400,000 unfilled vacancies for skilled and unskilled labour and 230,000 offers of apprenticeships which failed to find takers.

As regards the number of firms in existence, craft industry in the old federal states has generally managed to maintain its market position. The sum total of craft enterprises in operation

in 1990 remained more or less stable at 489,200 small and medium-sized firms.

The upturn in domestic demand brought a further increase in revenues for craft enterprises. The sharpest rises were seen once again in the building sector, which accounted for nearly 40 percent of total craft revenue. Private housebuilding and commercial investment in buildings and equipment were the main contributors to craft-sector expansion, although record revenues were also achieved in the motor trades.

Ultra-small firms only partially involved in craft enterprise - garment alterers, beauticians, floorers, wood and building preservation firms, express cleaners - also profited from the economic upswing. The 76,000 ultra-small firms on commercial registers employed 178,000 people and achieved revenues totalling around DM 16 million.

III. Craft industry statistics

The German Handicrafts Regulation Act lists 125 craft professions under the following groups:

- Building and fitting-out trades
- Metalworking trades
- Woodworking trades
- Garment, textile and leather trades
- Food processing trades
- Health and body care professions and chemical and cleaning trades
- Glass, paper, ceramic and other trades.

The Act also lists 40 occupational groups performing work of a craft-like nature, including undertakers, scaffolders, theatrical costume-makers, ice cream producers, carpet cleaners and piano tuners.

Although the number of firms in operation has been steadily declining for decades, the number of employees and volume of revenues have constantly increased. So craft enterprises are getting bigger and more economically efficient. Small and medium-

sized firms with an average workforce of eight account for two thirds of all craft businesses.

Table 1: Breakdown of craft industry in 1976 and 1987 according to size of enterprise (in %)

Number of employees	Enterprises		Workforce	
	1976	1987	1976	1987
1 - 4	56.6	51.8	16.4	13.6
5 - 9	25.6	27.8	20.9	20.1
10 - 19	11.3	13.1	18.9	19.3
20 - 49	4.9	5.4	18.2	17.3
50 and over	1.7	1.8	25.6	29.7

The geographical distribution of these groups shows a number of regional differences in the old federal states, where larger firms tend to be concentrated in the North and industrial areas and smaller firms in the South and rural areas. Mid-1991 saw 122,555 firms - around 23 percent of all western German craft enterprises - registered in the country's most densely populated state, North Rhine-Westphalia. Next came Bavaria with 118, 659 firms (22 percent), followed by Baden-Württemberg with 97,258 (over 18 percent).

Within the metalworking trades, electrical engineers, motor tradesmen, smiths and fitters (the latter two grouped together as "metal constructors" in 1989) make up the largest groups of firms. In the building and fitting-out trades, the field is led by painters and decorators, masons, carpenters, and roofing engineers, while in the food processing trades the front-runners are butchers and bakers. Joiners, hairdressers and shoemakers also rank among the most strongly represented groups on German craft registers.

Table 2: Size of craft groups in 1990

Trades	Revenue (DM bn)	Employees (000s)	Firms (000s)
Building and fitting-out	115.3	949.1	116.2
Metalworking	199.0	1,083.9	193.7
Woodworking	27.1	213.7	43.3
Garment, textile and leather	7.7	87.1	32.9
Food processing	57.1	475.9	59.3
Health and body care, cleaning	22.1	759.5	70.4
Glass, paper, ceramic, other	12.3	88.4	17.3
Total	440.6	3,567.5	533.3

Source: Federal Statistical Office; Central Association of German Trades

Working hours and wages

As in other branches of the economy, recent years have seen a step-by-step reduction in the basic working week. In 1990, journeymen had to work around 40 hours a week, whereas the average wage-earner in a craft enterprise was down to 38 hours.

Top earners in the craft sector include central heating and ventilation engineers, who last year earned on average DM 20.37 a working hour. Plumbers and gasfitters were also well up the scale with an hourly wage of DM 19.98, as were metalworkers with DM 19.28.

Table 3: Gross hourly earnings of male journeymen in selected skilled trades (old federal territory: May 1990)

Tradesmen	Gross hourly earnings (in DM)
Central heating and ventilation engineers	20.37
Plumbers and gasfitters	19.98
Metalworkers	19.28
Electricians	18.93
Painters and decorators	18.93
Motor mechanics	18.60
Butchers	17.99
Bakers	17.44
Overall	18.96

IV. Craft industry organization

As long ago as the Middle Ages, German craftsmen joined together in "guilds" to protect their common interests. Those guilds, which were self-governing bodies, drew up rules governing training, craftsman status, standards of workmanship, marketing practice and relations between master craftsmen, journeymen and apprentices - and acted as watchdogs to ensure that the rules were observed. In the wake of industrialisation and the changes it brought to the working world, the medieval craft organizations gradually disappeared and were replaced, in the second half of the 19th century, by new professional craft associations. These bodies, modelled on the chambers of industry and commerce, had the legal status of public institutions. 1900 saw the creation of the German Trades Council, whose membership comprised master craftsmen from most of the 67 chambers of handicrafts in existence at the time. Its insistence that only masters should be entitled to train apprentices was enshrined in law in 1908. The legal basis for craft organization today is furnished by the "Handicrafts Regulation Act" of 1953. The organization provides

services for its members and represents them in dealings with authorities and the public.

Independent craftsmen in each profession are grouped together in regional **craft guilds.** At present, there are around 7,000 such guilds in Germany, roughly 1,000 of them in the new federal states. In every sizeable town or rural district, the guilds are represented by a **district trades council,** of which there are currently around 300 in existence. At state level, the interests of the individual craft professions are represented by **regional associations.** At national level, the guilds are grouped together in a **federal guild association** or **central trades federation.** These organizations are employer associations with no sovereign authority. The guild associations also act as negotiating bodies in collective bargaining with trade unions.

Germany has 56 **chambers of handicrafts,** each assigned its own district. These bodies (which include 14 chambers in the new federal states and the chamber of handicrafts in Berlin) advise member firms on matters such as business management and technological, financial and legal issues. They maintain the roll of craftsmen (membership list), supervise professional training and represent the interests of craft enterprises in public. The district chambers of commerce are, in turn, members of the **German Trades Council** and, together with the 51 central trades federations, form the **Central German Trades Association** based in Bonn. The latter organization represents the interests of the craft community in dealings with the federal parliament, federal government and all central agencies as well as acting as the mouthpiece of the craft sector at EC level and in other international organizations.

V. Vocational training in the craft sector

The training of apprentices in craft enterprises is regulated by the Handicrafts Regulation Act and the Vocational Training Act of 1969. German craftsmen have a history of training their own apprentices dating right back to the Middle Ages but the dawn of the 20th century saw the introduction of the first state code of practice laying down general rules for apprentice training.

The skilled trades have also always trained apprentices for other occupations: some journeymen switch to industry or enter public service. So, craft training benefits the entire economy. Professional training is provided under a **"dual-track system"**: the apprentice receives practical training from his employer and attends a technical college on certain days of the week, where he acquires the necessary theoretical knowledge and is familiarized with administrative subjects such as bookkeeping and labour law.

Apprenticeships normally run for 3 to 3 1/2 years and end with a journeyman's examination. In 1990, examiners checked 190,488 young men and women in the then federal territory to see if they possessed the skills and knowledge needed to work in the craft they had chosen.

158,164 young people - 83 percent of all candidates - passed the exam, achieving the first goal of their professional career. The proportion of female entrants remained at a high level (27.6 percent compared with a figure ten percent lower in 1975). And their performance was even better: female apprentices made up 29.2 of all successful candidates.

Most young journeywomen are still found in classical female occupations, e.g. in the garment trade, hairdressing, food retailing, office work. In 1990, 78 percent of all successful female candidates went to work in these sectors. But young women also gained a stronger foothold in "male occupations". The tally of young ladies here, for example, included 1,360 confectioners, 1,130 bakers, 1,014 joiners and 770 exam candidates for the painting and decorating profession. A total of 660 new journeywomen also joined the ranks of motor mechanics, butchers, electricians and radio and TV engineers.

Table 4: Trainee statistics

Year	Total apprenticeship contracts	New contracts
1980	702,786	243,403
1985	689,590	237,618
1986	660,176	226,925
1987	617,823	211,511
1988	577,782	200,982
1989	532,529	184,221
1990*	518,959	190,997

* Figures for old and new federal states (regressive trend due to demographic developments: sustained fall in birth rates)

Foreign apprentices

The training situation for immigrant youth has further improved. In 1990, just under 100,000 foreign apprentices were undergoing training. That is more than twice as many as ten years ago. Most of those young people were second-generation immigrants, i.e. youngsters born and brought up in Germany. A good half of foreign trainees opt for apprenticeships in craft enterprises, so nine out of every hundred craft apprentices in Germany are foreigners, Most of them (around 20,000) are Turks, whose numbers have increased proportionally to 44.4%. Young Yugoslavs (6,934) form the next largest group, accounting for 15.2% of foreign trainees. In third place are the Italians, who make up 12.1%.

Career prospects

After completing their apprenticeship and passing the journeyman exam, young craftsmen and craftswomen have to take a decision. They can work as a journeyman/woman for the firm that trained them or for a competitor; they can go into industry or public service as a skilled worker; or they can continue at technical college and seek qualifications as a vocational school teacher. For the journeyman who stays in the trade, there is also the

possibility of obtaining higher qualifications, above all qualifications enabling him to set up his own business as a master craftsman. After at least three years working as a journeyman and completing special master training courses, he can apply to take the master craftsman's examination. Qualifying as a master craftsman pays off, too. 90 percent of all craftsmen with a master's certificate set up their own business or find responsible jobs in craft companies. 38,679 candidates received the coveted master craftsman's certificate in 1990. Ten percent of them were women.

VI. Special services

Craft enterprises primarily produce consumer goods and perform assembly work in the building trade. Other major areas of operation are **services** and **repairs**, and the role played by craft firms as ancillary suppliers to industry is becoming increasingly important. Large companies are employing fewer and fewer craftsmen of their own because of the heavy strain they place on payroll costs. Instead, they find it more economical to issue individual contracts to independent craft enterprises. In western Germany, there are around 70,000 small firms working as industrial ancillaries. Their joint annual revenues are in excess of DM 80 billion.

Around half of all craft firms are export earners. The 500,000 or so skilled workers in the ancillary sector come from 40 different craft professions.

Industrial service and maintenance contracts also account for a significant amount of craft work and income. Top of the list are commercial cleaning contracts and work on electrical installations. There are around 50,000 small firms, employing eight to ten people each, rendering services to industry. That means an additional pool of more than 400,000 skilled men and women.

Craft firms continue, however, to receive business from **small private customers.** In some trades - especially those of a technical nature (consumer electronics, household appliances) - retailing plays a significant role. Here, the firm sells not

only the product but also the relevant services (maintenance or repair). According to figures published some time ago, 46.8 percent of total craft income comes from craft production, 31 percent from services, 20.9 percent from trade and only 1.3 percent from other sources.

Craft exports play a relatively minor role in the national economy, accounting for only one to two percent of all German exports, but most of the products involved are precious machine parts, presses, pumps, precision tools, aviation equipment, measuring instruments, medical instruments, laboratory equipment and electrical appliances. German craft enterprises even supply precision instruments and equipment for the space industry.

Business consultancy

In a highly developed market economy, independent craft operators can only survive if they possess the necessary managerial qualities, remain well informed and keep their professional qualifications up to date. Individual business consultancy and information services are thus vital.

These services are available free of charge at advice bureaux run by all chambers of handicrafts and the 80 or so trade associations. The bureaux are consulted by many craft enterprises, particularly on questions of finance, location, business management, plant organization, production planning and plant equipment. More recently, bureaux staff have been advising businesses on new technologies, pollution control and new export opportunities in the single European market.

Around 65,000 craft enterprises in the old federal states sought expert advice on business management and production planning in 1990. In the new federal states, craftsmen are already making heavy claims on consultancy staff time.

Research, development and innovation

With its inventions and innovations, the craft sector today is keeping up a tradition which stretches right back to the Middle Ages. In pre-industrial times, practically every technological

invention or novelty was made in a craft workshop. And research and development in the craft sector has continued without interruption though to the present day, the rapid development and introduction of new technologies and materials presenting a constant challenge to craft firms' ingenuity and flexibility.

Problems of technological adaptation have to be solved quickly when big companies demand new products and production standards from their craft ancillaries. Craft innovation basically lies in enhancing existing products and processes. Many small and medium-sized firms, however, bring their own inventions to market, offering products at the leading edge of technology. Really lucrative marketing of those inventions, though, is often frustrated by lack of financial resources. The creative flair of craft ancillaries is increasingly being used to further the research and development work of big companies. The result: technological progress is accelerating thanks to early cooperation between firms and the timely involvement of central research institutes.

Small and medium-sized enterprises spend a larger portion of their income on research and development than big companies. Small firms (employing less than 100 people) invest an average of 6.1 percent of their revenue in research and development. In larger firms (500 to 999 employees), proportional outlay is less than half that figure, while very big companies with a workforce exceeding 10,000 spend just under five percent of total revenue on researching and developing new products.

Under a 1989 plan aimed at "promoting research in small and medium-sized enterprises", the federal government is seeking to help smaller companies - especially newcomers interested in new technologies - to finance technological developments, speed up the transfer of technology and improve cooperation with scientific institutes. In 1990, the Federal Ministry for Research and Technology (FMRT) set aside around DM 551 million and the Federal Ministry for Economic Affairs (FME) DM 127 million to promote R&D activities in small and medium-sized firms.

Start-up aid for companies involved in new technologies has been available since 1983. In 1989, the FMRT launched a model project

entitled "Investment capital for young high-tech companies". Scheduled to run until 1994, the programme will provide a total of DM 300 million investment capital, available through the "Kreditanstalt für Wiederaufbau" (Reconstruction Loan Corporation) and "Deutsche Ausgleichsbank" (German Equalization Bank) in Bonn. The research ministry pays the interest on the money borrowed from the capital market and shoulders part of the risk of non-payment.

Basic and further vocational training above company level

Since 1950, craft sector watchdogs have set up special training centres and workshops to complement the training activities of individual firms. The facilities enable apprentices to acquire knowledge and skills not offered at their place of employment.

Introductions to new technological and commercial developments form an important part of the training offered at supra-company level. The material is geared to trainees' needs by 264 uniform curricula approved by the Federal Economics Ministry for the 125 craft professions and is presented at special craft training centres set up around the country.

There are currently around 350 of these centres in the old federal states, offering workshop places for some 50,000 trainees and classroom facilities for another 22,000. The construction and equipping of the centres as well as the provision of tuition are heavily subsidized by federal and state authorities. In 1990, grants from the Federal Ministry of Education and Science totalled around DM 95 million.

The prospectus also includes re-training courses and other educational and social measures. Special state and federal programmes are conducted, for example, to help youngsters classed as slow developers and unemployed ethnic Germans from Eastern Europe to find their feet (again) in the working world.

In 1990, the centres staged 35,200 courses attended by 386,700 trainees. Around 68 percent of participants attended courses of roughly three weeks' duration.

The amount of interest generated by further training facilities in the craft sector can be seen from the attendance figures. 1990 saw a 9.7 percent rise in the number of exam entrants (14,036 candidates). The success rate stood at 92 percent. Particularly popular were craft business management courses. Providing a solid grounding in business administration, personnel management, economics and law, these courses enable participants to tackle more effectively the managerial tasks encountered in a craft business. They also qualify them for senior positions in other lines of work. Last year, 1,859 men and women passed the craft business management exam.

The preservation of historical monuments and refurbishment of old buildings occupy a special place in the prospectus of further training courses offered to craftsmen today. Here, master craftsmen in the building and fitting-out trades have an opportunity to obtain special qualifications. Sales manager training in the food processing trades - an upgrade option aimed particularly at women - is also becoming increasingly popular. After passing the exam, participants are qualified not only to train sales personnel but also to take sole charge of a retail branch outlet or perform managerial duties in bakeries or confectioners. A great deal of interest is also being shown in trainer training in the craft sector: trainer certificates were awarded to 3,079 male and 393 female candidates in 1990.

Craft industry's contribution to development aid

Promotion of craft industry and small businesses - especially in rural areas and small urban centres - has formed an important part of government policy for many years, and is flanked by additional programmes run by the private sector. More than half of all chambers of handicrafts are involved in projects in Germany and many countries of the Third World. This work is sponsored by the following institutions: **Carl Duisberg Gesellschaft e.V.** in Cologne, the **Central Labour Exchange** in Frankfurt/Main, the **Otto Benecke Foundation** in Bonn, the **Central Vocational Promotion Office** in Mannheim, the **German Foundation for International Development** in Berlin and the **Agency for Technological Cooperation** in Eschborn. Church institutions also help fund projects.

The Central Association of German Trades reports that, by the end of the eighties, around 4,500 foreign skilled workers had received basic or further training at German chambers of handicrafts. Technical, business management and pedagogical courses are completed by around 400 skilled workers a year, most of them from Africa and Asia.

In developing countries, Germany's craft sector sends specialists to help set up and upgrade craft enterprises. These specialists work as consultants, advising on everything from planning to procurement of tools and machinery. Sometimes the chambers of handicrafts also arrange loans and act as go-betweens for contact with vocational training centres in the region as well as preparing the ground for official contacts.
German chambers of handicrafts are also involved in setting up craft promotion institutions in the Third World. Mindful of the need for appropriate solutions, they lend assistance to private self-help organizations, chambers of handicrafts and credit and purchasing cooperatives. The emphasis here is on the development of training and further training opportunities for young labour and independent craftsmen.

Special support for craft enterprise in developing countries is furnished by the German "Senior Experten Service" (SES), a private agency sponsored from public funds, which sends many retired craftsmen to help with projects in developing countries. In 1990, 433 retired professionals worked as consultants on 205 projects in 51 countries. 18 projects required craft expertise.

VII. New start for the new federal states

The collapse of the economic system in the former GDR and the transition to a market economy after reunification presented a massive challenge to the 82,000 independent craft enterprises and 2,700 production cooperatives in the region. After the introduction of the D-mark on 1 July 1990, demand for craft products and services completely evaporated, with the result that suppliers faced dire financial problems. Most of their technical equipment was totally obsolete. With economic conditions gradually returning to normal, however, helped along by the Bonn

government's "Upswing East" programme, things are getting better for craft enterprises in the new federal states. 1991 alone saw the setting-up of around 14,000 new craft firms, lending added vigour to the economic upswing in eastern Germany. The building, motor and retail trades, in particular, are having to satisfy rising demand. The renovation of old buildings and construction of new industrial and commercial buildings alone are filling trade order books. The Federal Building Ministry has launched a special programme to promote the modernisation and refurbishment of the housing stock in the new federal states. Under this programme, a total of DM 10 billion will be invested in housebuilding by 1993. And with the progressive incorporation of craft enterprise in the fabric of free-market production, high growth rates are also forecast for sellers, servicers and repairers of industrial products. Public spending on environmental protection, local utilities, waste and sewage disposal facilities and communications will also ensure sustained employment for craftsmen and tradesmen in the months ahead.

The number of private craft enterprises has now grown by around 30,000 to some 110,000 and the number of people they employ has climbed to 515,000. More than 20,000 craftsmen in the new federal states are enrolled on preparatory courses for the master craftsman's examination. The wave of new craft businesses being registered will increase. 1991 saw 15,000 to 20,000 new firms set up in the craft sector.

Public funds are being employed to encourage new craft ventures and help those already in operation. In 1990, start-up loans worth DM 797 million were granted to 9,270 new firms, and other loans totalling DM 97 million were used to help 566 existing craft businesses.

The number of apprentices under contract rose from 18,582 in 1989 to 32,056 in 1990. However, it seems that apprentices in eastern Germany are also starting to get scarce, because around 6,700 training places could not be filled. On the other side of the coin, though, not all would-be apprentices in the new federal states found the opening they sought. As a flanking measure, the federal government decided to award all firms employing up to

20 people a grant of DM 5,000 for every new training place created.

Intensive support is also being lent to training institutes in the new federal states. In 1990, the Federal Ministry of Education and Science channelled around DM 35 million into non-corporate vocational training centres, while the Federal Ministry for Economic Affairs furnished grants totalling DM 42.5 million for 24 advanced and further training centres for the skilled trades.

VIII. Preparations for the single European market

Craft enterprises and other small or medium-sized businesses make up more than 90 percent of all the firms in Europe. They employ around two thirds of the entire working population and account for approximately 40 percent of the gross EC product. Small and medium-sized firms will therefore continue to play a major economic role and constitute an important source of employment in the single European market (from 1993 onwards).

The removal of restrictions on movements of capital, goods and services will directly or indirectly affect everyone in the craft sector, from food processors and service-renderers addressing purely local markets to export-oriented firms engaged in metalwork, plant construction, tool and special machinery production and building. From 1 January 1993, it will be easier for competitors to extend their offer of services across national frontiers and set up independent craft businesses in other countries. At the same time, bureaucratic obstacles to international services traffic will also disappear. The number of registered craftsmen from other EC member states has remained low because of language barriers and the predominantly local nature of craft markets. The situation could rapidly change, however, on the completion of the single European market.

In view of these developments, craft enterprises need information about the changing framework of economic conditions. They particularly need to know more about state subsidies, financing arrangements, details of company law in neighbouring countries, EC moves to harmonize national laws, industrial standards,

recognition of qualifications and opportunities for setting up cooperative ventures and branch establishments abroad in the common European market.

Back in 1987, with assistance from the EC Commission, an EC advice centre for craft enterprises was set up for precisely this purpose at the German Trades House in Bonn. Since then, the centre has extended its operations to include a foreign trade information service and a contact service for cross-border cooperation. Other activities include arranging events devoted to special topics and setting up information exchanges at trade fairs and exhibitions. For German craft enterprises, the EC advice centre has developed a series of business strategies containing recommendations and suggestions for active competition in the single market. The subjects addressed include marketing strategies in foreign markets, competing for public contracts (tendering) within the EC, participating in foreign trade fairs and setting up businesses or sub-branches in other member states.

In 1990, the EC advice centre in Bonn handled more than 500 enquiries from craft enterprises. Now, 20 more EC advice centres have been set up at various regional chambers of handicrafts in Germany.

Most of the German and foreign firms who contacted the EC advice centre in 1990 with enquiries about cooperative ventures were seeking to make use of existing distribution networks, looking for maintenance and service units for their own products or interested in pooling production facilities and technical expertise at new subsidiary plants. The inquirers were mostly interested in the countries bordering on Germany. However, expanding markets and lower production costs also made remoter countries, such as Portugal and Spain, attractive to partner-seeking German firms. These firms were mainly involved in the building and fitting-out trades, toolmaking and machine construction, food processing or the motor trades. Around three quarters of them employed more than 30 people, some even had workforces of more than a hundred.

(IN Press)

IX. Important addresses

Zentralverband des Deutschen Handwerks (ZDH)
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Kuratorium der Wirtschaft für Berufsbildung
(Vocational Training Board of German Industry)
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Internationale Handwerksmesse München
(International Craft Exhibition Munich)
Theresienhöhe 13
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